

Message Text

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ORIGIN ARA-10

INFO OCT-01 EB-07 COME-00 STR-04 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /091 R

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APPROVED BY ARA/ECP:SHROGERS

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EB/GCP:MGOLDMAN(DRAFT)

STR:BSTEINBOCK(DRAFT)

COMMERCE:RADES (SUBSTANCE)

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R 250123Z OCT 75

FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS

USCINCSO

C O N F I D E N T I A L STATE 254698

E.O. 11652:GDS

TAGS:XM, ETRD

SUBJECT:GSP/SCCN

REFERENCE: STATE 219436

BEGIN SUMMARY: THE SCCN MEETING ON GSP WAS HELD OCTOBER 14 AND 15 DESPITE OUR DOUBTS ABOUT ITS UTILITY. THE PAUCITY OF INFORMATION AS TO THE LIKLIHOOD OF GIVEN ITEMS BEING ON THE LIST MADE MEANINGFUL CONSULTATION DIFFICULT. OUTCOME WAS ADOPTION OF TWO DECLARATIONS BY THE LATIN AMERICANS AS REFLECTIONS OF THEIR FEELINGS IN LIEU OF ACTUAL SUBSTANTIVE DISCUSSION. THE OVERALL MOOD WAS DOWNBEAT WITH MOST DELEGATIONS VIEWING THE UPCOMING LIST WITH PESSIMISM. END SUMMARY.
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MARY.

1. AS NOTED REFTEL, WE HAD HOPED BILATERAL APPROACH WOULD BE SUFFICIENT AND THAT NO SCCN MEETING WOULD BE NECESSARY. IT WAS AND IS OUR BELIEF THAT THE INTERESTS OF INDIVIDUAL COUNTRIES IN SPECIFIC PRODUCTS WAS NOT SUITABLE FOR MULTI-LATERAL FRAMEWORK. HOWEVER, AT REQUEST OF MEXICAN DELEGATION, SCCN MEETING WAS HELD OCTOBER 14 AND 15.

2. PRINCIPAL FRUITS OF EXERCISE WERE TWO LATIN DECLARATIONS. ONE CALLS UPON USG TO CONTINUE ITS EFFORTS TO AMEND THE TRADE ACT TO ALLOW PARTICIPATION BY ECUADOR AND VENEZUELA. THE SECOND, MORE IMPORTANT DECLARATION, EXPRESSES THE LATIN CONCERNS THAT THE FINAL GSP PRODUCT LIST WILL BE SLIM IN COVERAGE AND IMPLIES THAT THE FAILURE TO INCLUDE MANY PRODUCTS REQUESTED BY THE LATIN AMERICAN GOVERNMENTS EVIDENCES A DISREGARD FOR THE U.S. COMMITMENT TO TAKE LATIN AMERICAN INTERESTS INTO ACCOUNT IN THE IMPLEMENTATION OF GSP. BOTH DECLARATIONS ARE LATIN AMERICAN STATEMENTS, NOT SCCN DOCUMENTS.

3. PRINCIPAL SPEAKERS IN THE DEBATE WERE: MEXICO, ECUADOR, PERU, VENEZUELA AND ARGENTINA (FROM THE CHAIR). URUGUAY, BRAZIL AND COLOMBIA ALSO SPOKE.

4. THE PRINCIPAL BONE OF CONTENTION WAS THE ALLEGED FAILURE OF THE U.S. TO IMPLEMENT THE LATIN LIST AS SUPPLIED TO US IN GUATEMALA LAST YEAR AND SUPPLEMENTED LAST MAY IN WASHINGTON. MEXICO (AND FRIENDS) NOTED THAT BEGINNING WITH THE SECRETARY'S STATEMENTS AT TLATELOLCO, THE USG HAD CONTINUALLY STATED THAT IT WOULD "...CONSULT CLOSELY... MAKE MAXIMUM EFFORTS TO...APPLY PREFERENCES IN MOST BENEFICIAL MANNER" YET, THE LIST AS PRESENTED BY THE PRESIDENT TO THE INTERNATIONAL TRADE COMMISSION (ITC) DID NOT HAVE ON IT MANY OF THE ITEMS PROPOSED BY THE LATINS AT GUATEMALA.

5. THUS, MEXICO CONTINUED, WHEN THE TOTALITY OF EXCLUSIONS (MANDATORY, COMPETITIVE NEED AND IMPORT SENSITIVE) IS ADDED TO THE LIST OF PROBLEMS THE USG HAS GIVEN TO US BILATERALLY (REFTEL), IT APPEARS AS IF THE USG IS NOT FULLY

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FILLING ITS COMMITMENTS AS THE LIST WILL BE VERY SMALL.

6. . . . ALTHOUGH MEXICO TOOK THE LEAD BOTH IN CALLING FOR THE MEETING AND IN EXPRESSION OF SENTIMENTS, OTHER SPEAKERS SHARED THEIR FEELINGS WHILE OTHER COUNTRIES EXPRESSED PRIVATELY TO THE USDEL IN THE CORRIDORS CONCERN THAT THE LIST APPEARS TO BE SHRINKING DRASTICALLY AND THAT IN VIEW OF OUR INABILITY TO PROVIDE SPECIFIC INFORMATION

AS TO THE LIKLIHOOD OF GIVEN ITEMS BEING ON THE LIST, CONSULTATION AS THEY UNDERSTOOD THE TERM, WAS IMPOSSIBLE. NUMEROUS DELEGATIONS EXPRESSED CONCERN THAT THE PROBLEM LIST AS PRESENTED TO THEM COULD WELL BE THE TIP OF THE ICEBERG WITH THE BULK OF THE PROBLEMS STILL HIDDEN FROM THEM UNDER THE CLOAK OF "BUSINESS CONFIDENTIALITY".

7. IN RECOGNITION OF THE DIFFICULTY OF CLARIFYING THE PRESENT STATUS OF THE GSP LIST IN THIS MEETING OF CONSULTATION, THE LATINS DECIDED TO CONVEY THEIR SENTIMENTS TO THE USG IN THE FORM OF TWO DECLARATIONS WHICH WERE DRAFTED BY A WORKING GROUP COMPOSED OF THE DELEGATES OF URUGUAY, MEXICO AND PERU. THE USDEL WENT ON RECORD CATEGORICALLY DENYING THAT THE USG HAD FAILED TO MEET ANY OBLIGATIONS AND NOTED THAT, IN POINT OF FACT; WE HAD SOLICITED THEIR VIEWS ON A REGULAR BASIS FOR ALMOST TWO YEARS.

8. THE USDEL DID, HOWEVER, AGREE TO CONSULT FURTHER WITH THE LATINS FOLLOWING THE PRESIDENTIAL PROCLAMATION. DISCUSSIONS WOULD CENTER AT THAT TIME ON IMPLEMENTATION OF THE GSP AND THE MECHANICS THEROF.

9. FYI. INTERAGENCY DISCUSSION WITHIN THE USG IS NOW DRAWING TO A CLOSE AND FINAL LIST SHOULD BE READY NLT MID-NOVEMBER. GIVEN THIS TIME-FRAME, WE DO NOT CONTEMPLATE HAVING ANY ADDITIONAL BILATERAL DISCUSSIONS NOR WILL WE SEEK ADDITIONAL INPUTS FROM INDIVIDUAL COUNTIRES. END FYI.

10. IF QUERIED, ADDRESSEES MAY ADVISE HOST GOVERNMENTS THAT: (A) NO DECISION HAS YET BEEN MADE AS TO WHICH PRODUCTS WILL BE ON THE FINAL LIST, (B) FINAL INTER-AGENCY DISCUSSIONS WITHIN THE USG ARE NOW UNDERWAY, (C) THE PRESIDENT IS EXPECTED TO MAKE HIS DECISION BY MID-NOVEMBER
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AND WE WILL SEND IT TO POSTS AFTER PUBLICATION, (ONLY PRODUCTS WHICH WERE ON THE PRESIDENT'S LIST AS SUBMITTED TO THE ITC CAN BE CONSIDERED FOR INCLUSION ON THE LIST TO BECOME EFFECTIVE JANUARY 1), AND (D) AS THE SECRETARY STATED IN HIS UN SPEECH "THE U.S. PROGRAM WILL BE PUT INTO EFFECT ON JANUARY 1, 1976. AND BEFORE THAT DATE WE WILL BEGIN CONSULTATIONS AND PRACTICAL ASSISTANCE TO ENABLE EXPORTING COUNTRIES TO BENEFIT FROM THE NEW TRADE OPPORTUNITIES IN THE AMERICAN MARKET--THE LARGEST SINGLE MARKET FOR THE MANUFACTURED GOODS OF DEVELOPING COUNTRIES".
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